

Message Text

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PAGE 01 TEHRAN 01299 101358Z

51

ACTION EB-07

INFO OCT-01 NEA-09 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOTe-00 INR-07 NSAE-00 FAA-00 IO-10 L-02 AGR-05

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R 101229Z FEB 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 169

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E.O. 11652: N/A

TAGS: EAIR

SUBJECT: CIVAIR: RESTRICTIVE FOREIGN AIRLINE PRACTICES

REF: STATE 23125

1. AS DEPT AWARE ONE OF PRINCIPAL IRANIAN PRACTICES WHICH CONSTITUTES IN EFFECT RESTRICTIVE POLICY IS PROCEDURE WHICH GIVES NATIONAL CARRIER, IRAN AIR, VOICE IN DGCA APPROVAL OF CHARTER FLIGHTS. IRAN AIR HAS USED THIS POSITION TO EXTRACT "NO OBJECTION" FEES FROM CHARTER OPERATORS. EMBASSY HAS REPEATEDLY RAISED THIS QUESTION WITH DGCA ADMINISTRATOR ARBABI, TO DATE WITHOUT SATISFACTION THOUGH WE HAVE SUCCEEDED A NUMBER OF TIMES IN GETTING HIS APPROVAL FOR SPECIFIC FLIGHTS, PARTICULARLY CATTLE FLIGHTS, DESPITE IRAN AIR'S "OBJECTION." THIS MATTER REMAINS UNDER DISCUSSION BETWEEN EMBASSY AND DGCA.

2. IN REGARD TO EXAMPLES RAISED IN REFTel, EMBASSY AND AMERICAN CARRIERS KNOW OF NO RESTRICTIVE PRACTICES RELATING TO CURRENCY CONVERSION REGULATIONS, FOREIGN EXCHANGE REGULATIONS, FEES OR PREFERENTIAL TAXES WHICH BENEFIT IRAN AIR OVER OTHER CARRIERS. IN REGARD TO DISCOUNTS, UNDER DIRECTION OF IRANIAN GOVERNMENT, IRAN AIR GIVES 40 PERCENT DISCOUNT TO GOVERNMENT EMPLOYEES, THEIR FAMILIES AND SERVANTS. THIS IS INTERPRETED SO BROADLY THAT ALMOST

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PAGE 02 TEHRAN 01299 101358Z

ANY IRANIAN MAY QUALIFY FOR THIS DISCOUNT. IN ADDITION, SAME

40 PERCENT DISCOUNT IS GIVEN TO STUDENTS AND WE UNDERSTAND AN EXTRA 20 PERCENT REBATE IS PAID TO IRAN AIR BY GOVERNMENT FOR EACH STUDENT CARRIED. IRAN AIR HAS ANNOUNCED THAT THIS 40 PERCENT DISCOUNT WILL APPLY TO IRANIAN STUDENTS IN UNITED STATES WHEN IRAN AIR BEGINS SERVICE TO U.S. IN MAY 1975.

3. IN REGARD AIRPORT SERVICES, FUEL, ETC., EMBASSY AND AMERICAN CARRIERS HAVE HEARD RUMORS THAT IRAN AIR PAYS PREFERENTIAL RATE FOR AIRCRAFT FUEL BUT WE HAVE NO PROOF OF THIS AND IRAN AIR CLAIMS IT PAYS REGULAR RATE. IN REGARD RAMP HANDLING, IRANIAN AUTHORITIES REQUIRE THAT AIRLINES MUST USE IRAN AIR FOR SUCH SERVICES IF AIRLINES DO NOT PROVIDE SERVICES THEMSELVES. NO THIRD PARTY MAY BE USED. IN PRACTICE THIS MEANS ALL CARRIERS USE IRAN AIR FOR RAMP HANDLING SERVICES AND IRAN AIR CLEARLY GIVES PRIORITY TO ITS OWN FLIGHTS OVER FOREIGN CARRIERS. FOR INSTANCE, AT TIME OF HAJ, IRAN AIR INFORMED PAN AM AND OTHER CARRIERS THAT SERVICES WOULD BE REDUCED AND DELAYED AND CARRIERS HAD NO CHOICE BUT TO ACCEPT THIS SITUATION.

4. PRACTICE OF IRAN AIR SEEKING "NO-OBJECTION" FEE AND AUTOMATIC DISCOUNT TO IRANIAN GOVERNMENT EMPLOYEES, FAMILIES AND STUDENTS, DOES AFFECT ABILITY OF AMERICAN CARRIERS TO COMPETE. EMBASSY DOES NOT BELIEVE THERE IS ANY LIKELIHOOD IRAN AIR WILL ELIMINATE OR REDUCE THE FARE DISCOUNT; HOWEVER WE CONTINUE TO SEEK MEANS TO OVERCOME "NO-OBJECTION" FEE.

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